Multiple Agency Fiscal Note Summary

Bill Number: 1356 HB	**Title:** Biosimilar medicines

Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Insurance Commissioner	.1	0	0	24,613	.0	0	0	0	.0	0	0	0
Total $	**0.1**	**0**	**0**	**24,613**	**0.0**	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Estimated Capital Budget Breakout

Prepared by: Jason Brown, OFM	**Phone:** (360) 742-7277	**Date Published:** Final

FNPID 66112

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1356 HB	Title: Biosimilar medicines	Agency: 107-Washington State Health Care Authority

Part I: Estimates

[X] **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:
NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

[ ] If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

[ ] If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

[ ] Capital budget impact, complete Part IV.

[ ] Requires new rule making, complete Part V.

Legislative Contact:	Emily Poole	Phone: 360-786-7106	Date: 01/25/2023
Agency Preparation:	Molly Christie	Phone: 360-725-5138	Date: 01/30/2023
Agency Approval:	Tanya Deuel	Phone: 360-725-0908	Date: 01/30/2023
OFM Review:	Jason Brown	Phone: (360) 742-7277	Date: 01/30/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached narrative.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached narrative.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

See attached narrative.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Bill Number: HB 1356 HCA Request #: 23-070

Part II: Narrative Explanation

II. A - Brief Description of What the Measure Does That Has Fiscal Impact
Section 2 amends RCW 48.43.420 (Prescription drug utilization management—Exception request process—Conditions, requirements, and time frames for approval or denial of requests—Emergency fill coverage—Notice of new policies and procedures) to clarify that, in addition to AB-rated generic equivalents or interchangeable biologicals, health carriers may also require a member to use a biosimilar product prior to covering the originator brand product.

Section 3 amends RCW 41.05.410 (Qualified health plans—Contract for—Requirements—Cost and quality data) to clarify that the Health Care Authority (HCA) may require qualified health plans to address pharmacy spend through increasing utilization of biosimilars.

II. B - Cash Receipts Impact
None.

II. C – Expenditures
This bill does not have a fiscal impact on the Public Employees' Benefits Board (PEBB) or School Employees' Benefits Board (SEBB) programs because it offers clarifying language allowing step therapy for biosimilars that aligns with existing practice for fully insured health plans and the Uniform Medical Plan.

Section 2 amends RCW 48.43.420, which outlines circumstances under which a health carrier must grant a prescription drug exception request. Subsection 10(a) offers clarifying language to extend permissions for health carriers to require members try biosimilar products before covering their originator brand products. Currently health carriers are not required to provide an exception request per RCW 48.43.420 for AB-rated generics and interchangeable biologicals. A biosimilar is a biological that meets the same safety and efficacy standards as its originator product. The Uniform Medical Plan is currently enforcing policies that require use of biosimilars before originator brand products, and HCA assumes this is also true for PEBB and SEBB fully insured carriers.

Additionally, Section 3 of the bill gives HCA authority to set requirements for qualified health plans under RCW 41.05.410 to address pharmacy benefit spending including increasing biosimilar utilization. Carriers currently contracted to offer Cascade Select (public option) plans must already comply with any requirements established by HCA to address pharmacy benefits spending and including biosimilar utilization would likely not require changes to current carrier contracts.

Medicaid
No fiscal impact.

No impacts on the Medicaid lines of business because this legislation places the requirements under RCW 48.43 and 41.05.

Part IV: Capital Budget Impact
None.

Part V: New Rule Making Required

None.

Bill Number: 1356 HB HBE Request #: 23-09-01

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

This bill clarifies that for any health plan issued or renewed on/after January 1, 2021, a carrier or a prescription drug utilization management entity is not prevented from requiring a patient to try an interchangeable biosimilar product prior to providing coverage for the equivalent branded prescription drug.

Section 3 clarifies that requirements for Qualified Health Plans (QHPs) beginning plan year 2021 include those established by the Health Care authority with the intent to increase use of biosimilar products.

II. B - Cash Receipts Impact

Indeterminate. Premium impact attributable to new biosimilar option is unknown at this time.

II. C - Expenditures

No fiscal impact, changes to this health care benefit in qualified health plans offered in the Exchange marketplace are not expected to require significant operational or Healthplanfinder system changes.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 1356 HB	Title: Biosimilar medicines	Agency: 160-Office of Insurance Commissioner

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	0.0	0.1	0.0	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	24,613	0	24,613	0	0
Total $	24,613	0	24,613	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☒ Requires new rule making, complete Part V.

Legislative Contact:	Emily Poole	Phone: 360-786-7106	Date: 01/25/2023
Agency Preparation:	Shari Maier	Phone: 360-725-7173	Date: 01/27/2023
Agency Approval:	Michael Wood	Phone: 360-725-7007	Date: 01/27/2023
OFM Review:	Jason Brown	Phone: (360) 742-7277	Date: 01/27/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 2(10)(a) allows a health carrier or prescription drug utilization management entity to require a patient to try a biosimilar product before providing coverage for the equivalent branded prescription drug.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 2(10)(a) allows a health carrier or prescription drug utilization management entity to require a patient to try a biosimilar product before providing coverage for the equivalent branded prescription drug. 'Simple' rulemaking, in FY2024, will be re required to amend WAC 284-43-2021(5)(e), WAC 284-43-2021(7)(b), and WAC 284-43-5080(4) to include the allowance for biosimilar products.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
138-1	Insurance Commissioners Regulatory Account	State	24,613	0	24,613	0	0
		Total $	24,613	0	24,613	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	14,891		14,891		
B-Employee Benefits	4,799		4,799		
C-Professional Service Contracts					
E-Goods and Other Services	4,923		4,923		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	24,613	0	24,613	0	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Functional Program Analyst 4	80,952	0.1		0.0		
Senior Policy Analyst	108,432	0.1		0.1		
Total FTEs		0.2		0.1		0.0

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 2(10)(a) allows a health carrier or prescription drug utilization management entity to require a patient to try a biosimilar product before providing coverage for the equivalent branded prescription drug. 'Simple' rulemaking, in FY2024, will be required to amend WAC 284-43-2021(5)(e), WAC 284-43-2021(7)(b), and WAC 284-43-5080(4) to include the allowance for biosimilar products.